

Message Text

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ORIGIN PM-03

INFO OCT-01 EA-06 ISO-00 OMB-01 TRSE-00 DODE-00 SS-15 EB-07

COME-00 MC-02 L-03 SSO-00 CIAE-00 INR-07 NSAE-00

INRE-00 NSCE-00 NSC-05 IGA-01 AID-05 SP-02 /058 R

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O R 250206Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

INFO CINCPAC HONOLULU HI

C O N F I D E N T I A L STATE 149098

E.O.11652: GDS

TAGS:MASS, RP, US

SUBJECT: FMS CREDIT FOR PURCHASE OF C-130H AIRCRAFT

REFS: (A) MANILA 7594; (B) SECDEF 171616Z APR 75;

(C) MANILA 8521

1. DEPARTMENT HAS BEEN ADVISED THAT, CONTRARY TO REFTTEL A IMPLICATION, LOCKHEED OFFER TO GOP OF TWO LATE 1976 SPACES ON C-130 PRODUCTION LINE WAS NOT UNCONDITIONAL BUT RATHER QUOTE SUBJECT TO PRIOR SALE UNQUOTE, AND THAT 1976 PRODUCTION LINE SPACES ORIGINALLY RESERVED FOR GOP HAVE BEEN REALLOCATED TO OTHER CUSTOMERS WHO HAVE SIGNED PURCHASE CONTRACTS. WE HAVE ALSO BEEN INFORMED THAT TWO C-130H AIRCRAFT CAN BE MADE AVAILABLE (AT A COST OF DOLS 7.2 MILLION EACH) FOR DELIVERY TO GOP DURING FIRST AND SECOND QUARTERS OF CY
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1977.

2. THE DEPARTMENT HAS OBTAINED INTERAGENCY APPROVAL TO ALLOCATE AN ADDITIONAL DOLS 3.0 MILLION OF FY 1975 USG GUARANTEED CREDIT TO GOP FOR USE AS A FIRST TRANCHE PAYMENT ON TWO C-130H AIRCRAFT. THIS ADDITIONAL DOLS 3.0 MILLION WILL BE OFFERED UNDER THE SAME TERMS AND PROCEDURES PROPOSED FOR THE FY 1975 M-16 RIFLE FACTORY CREDIT PROGRAM (REFTEL B).

3. EXTENSION OF THIS CREDIT, IF ACCEPTED BY THE GOP, WOULD

NOT IMPLY A MULTI-YEAR COMMITMENT ON THE PART OF THE USG TO FINANCE GOP C-130H ACQUISITION. HOWEVER, SUBJECT TO AVAILABILITY OF FUNDS, IT WOULD NOT PRECLUDE USE OF FUTURE YEAR FMS CREDITS TO COMPLETE FINANCING OF C-130HS. IT IS UNDERSTOOD THAT THIS IS STRICTLY A COMMERCIAL SALE BETWEEN LOCKHEED AND THE GOP.

4. WOULD APPRECIATE CONFIRMATION BY IMMEDIATE MESSAGE OF GOP ACCEPTANCE OF THIS OFFER ASAP BUT NO LATER THAN JUNE 25 SO THAT FY 1975 FMS CREDIT FUNDS CAN BE COMMITTED PRIOR TO JUNE 30 DEADLINE. IN INFORMING THE GOP OF THIS OFFER OF ADDITIONAL CREDIT, EMBASSY SHOULD ENSURE THAT GOP UNDERSTANDS THAT FY 75 FMS CREDIT LEVEL OF DOLS 10 MILLION DOES NOT IMPLY A COMMITMENT TO SIMILAR LEVEL OF CREDIT IN FUTURE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY AIRCRAFT, MILITARY PROCUREMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE149098
Document Source: CORE
Document Unique ID: 00
Drafter: RMARRYOTT/RF/RS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750219-0600
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750616/aaaaaovn.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 MANILA 7594, 75 SECDEF 171616Z, 75 APR 75
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by ShawDG>; APPROVED <19 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FMS CREDIT FOR PURCHASE OF C-130H AIRCRAFT
TAGS: MASS, RP, US
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006